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HOUSE BILL 219

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Luciano "Lucky" Varela

FOR THE LEGISLATIVE FINANCE COMMITTEE

AN ACT

**RELATING TO PUBLIC MONEY; PRESCRIBING POWERS AND DUTIES OF THE
FINANCIAL CONTROL DIVISION; REQUIRING STATE AGENCIES TO
DETERMINE AUTHORITY FOR EXPENDITURES; PROVIDING FOR A
PROCUREMENT CARD PILOT PROJECT; REQUIRING QUARTERLY REPORTS
FROM LOCAL PUBLIC BODIES AND CERTAIN INSTITUTIONS OF HIGHER
EDUCATION; PROVIDING CONDITIONS UNDER WHICH PRIOR YEAR
OBLIGATIONS CAN BE PAID OUT OF CURRENT YEAR BUDGETS; PROVIDING
FOR AUDITS OF CERTAIN ENTITIES AND INSTRUMENTALITIES OF THE
STATE; PROVIDING THAT THE STATE AUDITOR MAY USE CONTRACT
AUDITORS; PROVIDING ADDITIONAL PROCEDURES FOR ANNUAL FINANCIAL
AND COMPLIANCE AUDITS; AMENDING, REPEALING AND ENACTING
SECTIONS OF THE NMSA 1978.**

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-5-1 NMSA 1978 (being Laws 1957,

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1 Chapter 252, Section 1) is amended to read:

2 "6-5-1. DEFINITIONS. -- As used in Chapter 6, Article 5
3 NMSA 1978:

4 A. "division" means the financial control division
5 of the department of finance and administration;

6 B. "central accounting system" means the accounting
7 system used by the division to process and record payments,
8 deposits and other financial transactions for state agencies
9 and departments;

10 C. "electronic" means electric, digital, magnetic,
11 optical, electronic or similar media;

12 D. "local public body" means [every] any political
13 subdivision of the state [of New Mexico which] that expends
14 public money from whatever source derived, including [but not
15 limited to] counties, county institutions, boards, bureaus or
16 commissions; incorporated cities, towns or villages; drainage,
17 conservancy, irrigation or other districts; [and] charitable
18 institutions for which appropriations are made by the
19 legislature; and every office or officer of any of the above;

20 E. "model accounting practices" means the
21 accounting methods and procedures used by the state;

22 F. "processing document" means a form, including
23 supporting documents, submitted by a state agency to the
24 division that will be used by the division to record a
25 financial transaction or make payment;

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1 G. "state agency" means any department,
2 institution, board, bureau, ~~commission~~, district or ~~committee~~
3 of the government of the state [~~of New Mexico~~] and means every
4 office or officer of any of the above; and

5 H. "statewide accounting system network" means the
6 central accounting system, the central payroll system, the
7 central treasury system and all other financial accounting
8 systems operated by state agencies as one system through manual
9 or automated interfaces. "

10 Section 2. Section 6-5-2 NMSA 1978 (being Laws 1957,
11 Chapter 252, Section 2, as amended) is amended to read:

12 "6-5-2. FINANCIAL CONTROL DIVISION--CENTRAL SYSTEM OF
13 STATE ACCOUNTS--ACCOUNTING SYSTEMS--~~[FORMS]~~ PROCESSING
14 DOCUMENTS--MODEL ACCOUNTING PRACTICES--INTERNAL ACCOUNTING
15 CONTROLS. --

16 A. The [~~financial control~~] division [~~of the state~~
17 ~~department of finance and administration~~] shall maintain a
18 central system of state accounts and shall, in consultation
19 with the state auditor, devise, formulate, approve, [~~and~~]
20 control and set standards for the accounting methods and
21 procedures of all state agencies. The division shall prescribe
22 [~~forms~~] procedures, policies and processing documents for use
23 by state agencies in connection with fiscal matters and may
24 require reports from state agencies as may be necessary to
25 carry out its duties and functions. Procedures and policies

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1 issued by the division are exempt from the uniform standards of
2 style and format promulgated by the state commission of public
3 records.

4 B. After consultation with the state auditor, the
5 division shall issue a manual of model accounting practices.
6 State agencies shall comply with the model accounting practices
7 established by the division, and the administrative head of
8 each state agency shall ensure that the model accounting
9 practices are followed.

10 C. State agencies shall implement internal
11 accounting controls designed to prevent accounting errors and
12 violations of state and federal law and rules related to
13 financial matters. In addition, state agencies shall implement
14 controls to prevent the submission of processing documents to
15 the division that contain errors or that are for a purpose not
16 authorized by law."

17 Section 3. Section 6-5-3 NMSA 1978 (being Laws 1957,
18 Chapter 252, Section 3, as amended) is amended to read:

19 "6-5-3. LEGALITY AND AUTHORITY FOR PROPOSED EXPENDITURES
20 DETERMINED BY ~~[FINANCIAL CONTROL]~~ DIVISION AND STATE AGENCY- -
21 ENCUMBERING FUNDS. -- Before any vouchers or purchase orders are
22 issued or contracts are entered into involving the expenditure
23 of public funds by ~~[any]~~ a state agency, the authority for
24 ~~[such]~~ the proposed expenditure shall be determined by the
25 ~~[financial control]~~ division and the state agency. After the

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1 authority for ~~[such]~~ the expenditure is determined, the
2 appropriate fund shall be shown by the division to be
3 encumbered to the extent of ~~[such]~~ the proposed expenditure.
4 The division may request, and the state agency shall provide,
5 such documentation and other information as the division deems
6 necessary to justify the state agency's determination of
7 authority. The division may disapprove the proposed
8 expenditure if it determines that the justification is
9 inadequate or is not substantiated by law. The division may
10 perform, on a statistical or stratified basis, internal pre-
11 audit and post-audit procedures to monitor and enforce
12 compliance with the provisions of this section."

13 Section 4. Section 6-5-6 NMSA 1978 (being Laws 1957,
14 Chapter 252, Section 7, as amended) is amended to read:

15 "6-5-6. DETERMINATIONS TO BE MADE PRIOR TO ISSUANCE OF
16 WARRANTS. --

17 A. No warrant upon the state treasury for the
18 disbursement of funds shall be issued except upon the
19 determination of the ~~[financial control]~~ division and the state
20 agency that the amount of the expenditure:

21 ~~[A.]~~ (1) does not exceed the appropriation
22 made to the state agency; and

23 ~~[B.]~~ (2) does not exceed the periodic
24 allotment made to the state agency or the unencumbered balance
25 of funds at its disposal unless the warrant includes federal

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1 funds that will be receipted based upon established warrant-
2 clearing patterns [~~and~~

3 ~~C. is for a purpose included within the~~
4 ~~appropriation or otherwise authorized by law].~~

5 B. The division may implement and perform internal
6 pre-audit and post-audit procedures to monitor and enforce
7 compliance with the provisions of this section. The pre-audit
8 and post-audit procedures may be applied on a stratified or
9 statistical basis. The division shall notify the state auditor
10 of any exceptions found as a result of pre-audit or post-audit
11 procedures.

12 C. A state agency shall determine that a proposed
13 expenditure is for a public benefit and purpose consistent with
14 the related appropriation and is necessary to carry out the
15 statutory mission of the state agency prior to committing the
16 state to the transaction."

17 Section 5. Section 6-5-8 NMSA 1978 (being Laws 1963,
18 Chapter 47, Section 1, as amended) is amended to read:

19 "6-5-8. VOUCHERS. -- [~~Every claim]~~ All claims for payment
20 of public money shall be made upon a public voucher. All
21 public vouchers shall be in the form and contain the
22 information required by the [~~secretary of finance and~~
23 ~~administration]~~ division. All purchase vouchers for goods and
24 services, other than personal, shall be accompanied by
25 supporting invoices and documentation required by the division.

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1 Vouchers for the reimbursement of public officers and employees
2 [~~must~~] shall have receipts attached for all money claimed,
3 except that travel advance or reimbursement vouchers for claims
4 of mileage and per diem at standard rates need not be
5 accompanied by receipts. All vouchers [~~must~~] shall be
6 certified as true and correct by the officer or employee
7 designated to approve payments of claims against state agencies
8 and local public bodies, including public schools. The
9 [~~secretary of finance and administration~~] division may require
10 that payroll, travel advance, reimbursement, refund or other
11 vouchers be sworn to by the certifying officer or payee.
12 Certification may be in writing or by electronic media."

13 Section 6. Section 6-5-10 NMSA 1978 (being Laws 1994,
14 Chapter 11, Section 1, as amended) is amended to read:

15 "6-5-10. STATE AGENCY REVERSIONS--DIRECTOR POWERS--
16 COMPLIANCE WITH FEDERAL RULES [~~AND REGULATIONS~~].--

17 A. Except as provided in Subsections B and C of
18 this section, all unreserved undesignated fund balances in
19 reverting funds and accounts as reflected in the central
20 financial reporting and accounting system as of June 30 [~~as~~
21 ~~adjusted~~] shall revert by September 30 to the general fund.
22 The division may adjust the reversion within ten days of
23 release of the audit report for that fiscal year.

24 B. The director of the [~~financial control~~] division
25 [~~of the department of finance and administration~~] may modify a

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1 reversion required pursuant to Subsection A of this section if
2 the reversion would violate federal law or rules [~~or~~
3 ~~regulations~~] pertaining to supplanting of state funds with
4 federal funds or other applicable federal provisions.

5 C. Appropriations to the human services department
6 for medicaid payments may be expended by the department for
7 medicaid obligations for prior fiscal years. "

8 Section 7. A new section of Chapter 6, Article 5 NMSA
9 1978 is enacted to read:

10 "[NEW MATERIAL] ANNUAL FINANCIAL REPORT. --The division
11 shall compile a comprehensive annual financial report. To
12 assist in the compilation of the report, each state agency
13 shall compile, in accordance with generally accepted accounting
14 principles, its financial statements on a schedule established
15 by the division. "

16 Section 8. A new section of Chapter 6, Article 5 NMSA
17 1978 is enacted to read:

18 "[NEW MATERIAL] DIVISION--ADDITIONAL DUTIES. --The division
19 shall:

20 A. after consulting with the state auditor,
21 coordinate all procedures for financial administration and
22 financial control and integrate them into an adequate and
23 unified system, including the devising, prescribing and
24 installing of processing documents, records and procedures for
25 state agencies;

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1 B. collect and maintain the necessary information
2 to produce ledgers, journals, registers and other supporting
3 records and analyses;

4 C. maintain information that adequately supports
5 all entries in the state general ledger;

6 D. verify and control state agency compliance with
7 allotments;

8 E. conduct all central accounting and fiscal
9 reporting for the state as a whole and produce interim
10 statewide financial reports and the state's comprehensive
11 annual financial statements;

12 F. after consulting with the state auditor,
13 prescribe, develop, operate and maintain a uniform statewide
14 accounting system network;

15 G. after consulting with the state auditor,
16 prescribe and approve the installation of any changes in the
17 statewide accounting system network as necessary to secure and
18 maintain internal control and facilitate the recording of
19 accounting data in order to prepare reliable and meaningful
20 statements and reports;

21 H. after consulting with the state auditor,
22 prescribe the uniform classification of accounts to be used by
23 state agencies;

24 I. operate a central payroll system;

25 J. perform monthly reconciliations with the

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1 balances and accounts kept by the state treasurer and adopt and
2 promulgate rules regarding reconciliation for state agencies;

3 K. prescribe and revise procedures, techniques and
4 formats for electronic data transmission to improve the flow of
5 data among state agencies;

6 L. monitor reversion of unexpended general fund
7 balances by September 30 of each year;

8 M. promulgate rules relating to the acceptance of
9 credit, charge and debit cards for the payment of fees, taxes
10 and other charges assessed by state agencies;

11 N. store and maintain records electronically;

12 O. establish, with the attorney general's approval,
13 a procedure for electronic signatures;

14 P. maintain accounts and information as necessary
15 to show the sources of state revenues and the purposes for
16 which expenditures are made and provide proper accounting
17 controls to protect state finances;

18 Q. make improvements in the state's model
19 accounting practices, systems and procedures;

20 R. assist state agencies in resolving financial
21 questions or problems;

22 S. have access to and authority to examine books,
23 accounts, reports, vouchers, correspondence files and other
24 records, bank accounts, money and other property of a state
25 agency; and

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1 T. consult with the state auditor to promote better
2 financial statement reporting. "

3 Section 9. A new section of Chapter 6, Article 5 NMSA
4 1978 is enacted to read:

5 "[NEW MATERIAL] PROCUREMENT CARD PILOT PROJECT. --The
6 division shall design and implement a procurement card pilot
7 project that allows state agencies to pay for purchases by
8 using procurement cards. To implement the pilot project, the
9 division may enter into an agreement with a procurement card
10 issuer. The division shall determine the limits of the pilot
11 project, including the number of state agencies that
12 participate and limitations on types of goods and services that
13 may be eligible for purchase through procurement cards. The
14 pilot project shall operate in fiscal years 2003 and 2004. The
15 division shall report its findings and recommendations to the
16 legislative finance committee, the state purchasing agent and
17 the governor on the efficacy of the project. "

18 Section 10. Section 6-6-2 NMSA 1978 (being Laws 1957,
19 Chapter 250, Section 2, as amended) is amended to read:

20 "6-6-2. LOCAL GOVERNMENT DIVISION-- POWERS AND DUTIES. --
21 The local government division of the department of finance and
22 administration has the power and duty in relation to local
23 public bodies to:

24 A. require each local public body to furnish and
25 file with the division, on or before June 1 of each year, a

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1 proposed budget for the next fiscal year;

2 B. examine each proposed budget and, on or before
3 July 1 of each year, approve and certify to each local public
4 body an operating budget for use pending approval of a final
5 budget;

6 C. hold public hearings on proposed budgets;

7 D. make corrections, revisions and amendments to
8 the proposed budgets as may be necessary to meet the
9 requirements of law;

10 E. certify a final budget for each local public
11 body to the appropriate governing body prior to the first
12 Monday in September of each year. The budgets, when approved,
13 are binding upon all tax officials of the state;

14 F. require periodic financial reports, at least
15 quarterly, of local public bodies. The reports shall contain
16 the pertinent details regarding applications for federal money
17 or federal grants-in-aid or regarding federal money or federal
18 grants-in-aid received, including [~~but not limited to~~] details
19 of programs, matching funds, personnel requirements, salary
20 provisions and program numbers, as indicated in the catalog of
21 federal domestic assistance, of the federal funds applied for
22 and of those received;

23 G. upon the approval of the secretary of finance
24 and administration, authorize the transfer of funds from one
25 budget item to another when the transfer is requested and a

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1 need exists meriting the transfer and the transfer is not
2 prohibited by law. In case of a need necessitating the
3 expenditure for an item not provided for in the budget, upon
4 approval of the secretary of finance and administration, the
5 budget may be revised to authorize the expenditures;

6 H. with written approval of the secretary of
7 finance and administration, increase the total budget of any
8 local public body in the event the local public body undertakes
9 an activity, service, project or construction program [~~which~~
10 that was not contemplated at the time the final budget was
11 adopted and approved and which activity, service, project or
12 construction program will produce sufficient revenue to cover
13 the increase in the budget or the local public body has surplus
14 funds on hand not necessary to meet the expenditures provided
15 for in the budget with which to cover the increase in the
16 budget; provided, however, that the attorney general shall
17 review legal questions identified by the secretary arising in
18 connection with such budget increase requests;

19 I. supervise the disbursement of funds to the end
20 that expenditures will not be made in excess of budgeted items
21 or for items not budgeted and that there will not be illegal
22 expenditures;

23 J. prescribe the form for all budgets, books,
24 records and accounts for local public bodies; and

25 K. with the approval of the secretary of finance

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1 and administration, make rules [~~and regulations~~] relating to
2 budgets, records, reports, handling and disbursement of public
3 funds or in any manner relating to the financial affairs of the
4 local public bodies. "

5 Section 11. Section 6-10-1.1 NMSA 1978 (being Laws 1987,
6 Chapter 79, Section 3) is amended to read:

7 "6-10-1.1. [~~DEFINITION~~] DEFINITIONS. --As used in Chapter
8 6, Article 10 NMSA 1978:

9 A. "deposit" includes share, share certificate and
10 share draft;

11 B. "department" means the department of finance and
12 administration; and

13 C. "secretary" means the secretary of finance and
14 administration. "

15 Section 12. Section 6-10-2 NMSA 1978 (being Laws 1923,
16 Chapter 76, Section 1) is amended to read:

17 "6-10-2. PUBLIC MONEY--CASH BOOKS--DAILY BALANCE--PUBLIC
18 RECORD. --It [~~shall be~~] is the duty of every public official or
19 agency of this state [~~who~~] that receives or disburses public
20 [~~monies to keep in his office a cash book wherein shall be~~
21 money to maintain a cash record in which is entered daily, in
22 detail, all items of receipts and disbursements of public
23 [~~monies and which~~] money. The cash record shall be balanced
24 daily so as to show the balance of public [~~monies~~] money on
25 hand at the close of each day's business [~~and such~~]. The cash

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1 ~~[book shall be]~~ record is a public record and ~~[shall be]~~ is
2 open to public inspection."

3 Section 13. Section 6-10-4 NMSA 1978 (being Laws 1963,
4 Chapter 35, Section 1, as amended) is amended to read:

5 "6-10-4. PAYMENT OF OBLIGATIONS OF PRIOR YEARS FROM
6 CURRENT ~~[GENERAL FUND]~~ YEAR APPROPRIATIONS. -- ~~[General fund]~~

7 A. Except as provided in Subsection B of this
8 section, appropriations made for a specific fiscal year may not
9 be used for paying obligations of any prior fiscal year except
10 upon approval of the department ~~[of finance and~~
11 ~~administration]~~. As a condition to ~~[such]~~ the approval, the
12 department ~~[of finance and administration]~~ shall certify that
13 there existed in the affected state agency's budget at the end
14 of the fiscal year sufficient funds, including uncollected
15 earned revenue, to pay the obligation had the bill been
16 presented prior to the end of that fiscal year. The department
17 ~~[of finance and administration]~~ shall make quarterly reports to
18 the legislative finance committee concerning all ~~[such]~~
19 authorizations of payment.

20 B. Appropriations to the human services department
21 for medicaid payments may be expended by that department for
22 medicaid obligations for prior fiscal years."

23 Section 14. Section 6-10-46 NMSA 1978 (being Laws 1923,
24 Chapter 76, Section 24, as amended) is amended to read:

25 "6-10-46. DISBURSEMENT OF STATE FUNDS-- VOUCHERS AND

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1 WARRANTS. -- All payments and disbursements of public funds of
2 the state [~~of New Mexico~~] shall be made upon warrants drawn by
3 the secretary [~~of finance and administration~~] upon the treasury
4 of the state [~~of New Mexico~~] based upon itemized vouchers [~~as~~
5 ~~provided by law~~] in a form approved by the secretary. "

6 Section 15. Section 8-6-7 NMSA 1978 (being Laws 1987,
7 Chapter 183, Section 1, as amended) is amended to read:

8 "8-6-7. WRONGFUL DRAWING OR PAYMENT OF WARRANT BY
9 SECRETARY OR TREASURER--PENALTY. --

10 A. If the secretary of finance and administration
11 draws any warrant on the state treasurer when he knows or, with
12 the use of available accounting information, should reasonably
13 know there is an insufficient unexpended and unencumbered
14 balance available for the purpose for which the warrant is
15 drawn, he [~~shall be~~] is in violation of this section unless the
16 warrant is for federal funds that will be receipted based on
17 established warrant-clearing patterns.

18 B. If the state treasurer pays any warrant when he
19 knows or, with the use of available accounting information,
20 should reasonably know there are insufficient funds available
21 in the treasury for the purpose to pay the warrant, he [~~shall~~
22 ~~be~~] is in violation of this section unless the warrant includes
23 federal funds that will be receipted based upon established
24 warrant-clearing patterns.

25 C. A violation of this section [~~shall be~~] is

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1 punishable by a fine of not more than one thousand dollars
2 (\$1,000) or by imprisonment for not more than one year or ~~[by]~~
3 both ~~[such fine and imprisonment in the discretion of the~~
4 ~~judge]. "~~

5 Section 16. Section 12-6-2 NMSA 1978 (being Laws 1969,
6 Chapter 68, Section 2) is amended to read:

7 "12-6-2. DEFINITION. --As used in the Audit Act, "agency"
8 means:

9 A. any department, institution, board, bureau,
10 court, commission, district or committee of the government of
11 the state, including district courts, magistrate or
12 metropolitan courts, district attorneys and charitable
13 institutions for which appropriations are made by the
14 legislature;

15 B. ~~[every]~~ any political subdivision of the state,
16 created under either general or special act, ~~[which]~~ that
17 receives or expends public money from whatever source derived,
18 including ~~[but not limited to]~~ counties, county institutions,
19 boards, bureaus or commissions; municipalities; drainage,
20 conservancy, irrigation or other special districts; and school
21 districts;

22 C. any entity or instrumentality of the state
23 specifically provided for by law, including the New Mexico
24 finance authority, the New Mexico mortgage finance authority,
25 the New Mexico lottery authority and the corporation and the

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1 foundation provided for in the Educational Assistance Act; and

2 D. every office or officer of any [of the above]
3 entity listed in Subsections A through C of this section. "

4 Section 17. Section 12-6-3 NMSA 1978 (being Laws 1969,
5 Chapter 68, Section 3) is amended to read:

6 "12-6-3. ANNUAL AND SPECIAL AUDITS. --

7 A. The financial affairs of every agency shall be
8 thoroughly examined and audited each year by the state auditor,
9 personnel of his office designated by him or by independent
10 auditors approved by him. The comprehensive annual financial
11 report for the state shall be thoroughly examined and audited
12 each year by the state auditor, personnel of his office
13 designated by him or by independent auditors selected by him.
14 The state auditor may use contract auditors to jointly conduct
15 an audit. The audits shall be conducted in accordance with
16 generally accepted auditing standards and rules issued by the
17 state auditor.

18 B. In addition to the annual audit, the state
19 auditor may cause the financial affairs and transactions of an
20 agency to be audited in whole or in part.

21 C. Annual financial and compliance audits of
22 agencies under the oversight of the financial control division
23 of the department of finance and administration shall be
24 completed and submitted by an agency and independent auditor to
25 the state auditor no later than sixty days after the state

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1 auditor receives notification from the financial control
2 division to the effect that an agency's books and records are
3 ready and available for audit. "

4 Section 18. Section 12-6-6 NMSA 1978 (being Laws 1969,
5 Chapter 68, Section 6) is amended to read:

6 "12-6-6. CRIMINAL VIOLATIONS. --Immediately upon discovery
7 of any violation of a criminal statute in connection with
8 financial affairs, the state auditor shall report the violation
9 to the proper prosecuting officer and furnish the officer with
10 all data and information in his possession relative to the
11 violation. [~~Any~~] An agency or independent auditor shall report
12 a [violation] known or suspected loss of public funds or other
13 illegal activity immediately to the state auditor. "

14 Section 19. Section 12-6-14 NMSA 1978 (being Laws 1969,
15 Chapter 68, Section 14) is amended to read:

16 "12-6-14. CONTRACT AUDITS. --

17 [~~B.~~] A. The state auditor shall notify each agency
18 designated for audit by an independent auditor, and the agency
19 shall enter into a contract with an independent auditor of its
20 choice in accordance with procedures prescribed by
21 [~~regulations~~] rules of the state auditor; provided, however,
22 that an agency subject to oversight by the local government
23 division of the department of finance and administration, the
24 state department of public education or the commission on
25 higher education shall receive approval from its oversight

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1 agency prior to submitting a recommendation for an independent
2 auditor of its choice. The state auditor may select the
3 auditor for an agency that has not submitted a recommendation
4 within sixty days of notification by the state auditor to
5 contract for the year being audited, and the agency being
6 audited shall pay the cost of the audit. Each contract for
7 auditing entered into between an agency and an independent
8 auditor shall be approved in writing by the state auditor.
9 [No] Payment of public funds may not be made to an independent
10 auditor unless a contract is entered into and approved as
11 provided in this section.

12 ~~[D.]~~ B. The state auditor or personnel of his
13 office designated by him shall examine all reports of audits of
14 agencies made pursuant to contract. Based upon demonstration
15 of work in progress, the state auditor may authorize progress
16 payments to the independent auditor by the agency being audited
17 under contract. Final payment for services rendered by an
18 independent auditor shall not be made until a determination and
19 written finding that the audit has been made in a competent
20 manner in accordance with the provisions of the contract and
21 applicable ~~[regulations]~~ rules by the state auditor."

22 Section 20. Section 21-1-33 NMSA 1978 (being Laws 1974,
23 Chapter 30, Section 2) is amended to read:

24 "21-1-33. SYSTEM OF ACCOUNTING AND REPORTING--MANUAL.--

25 A. The ~~[board of educational finance]~~ commission on

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1 higher education, in consultation with the state auditor, shall
2 compile a manual prescribing a uniform classification of
3 accounts and a uniform system for budgeting and reporting
4 ~~[which]~~ that includes the reporting of all funds available.
5 ~~[Such]~~ The manual shall apply to all institutions enumerated in
6 Article 12, Section 11 of the constitution of New Mexico and
7 all their branches, [thereof] except the New Mexico school for
8 the visually handicapped and the New Mexico school for the
9 deaf. The manual shall also apply to the New Mexico junior
10 college. [The uniform system for budgeting and reporting shall
11 be implemented no later than July 1, 1974. The uniform
12 classification of accounts required by this section shall be
13 implemented no later than July 1, 1975.]

14 B. The uniform system for budgeting and reporting
15 shall require the submission of at least quarterly financial
16 reports compiled in accordance with generally accepted
17 accounting principles.

18 ~~[B.]~~ C. Following approval by the legislative
19 finance committee, the manual shall be reproduced by the [board
20 of educational finance] commission on higher education and
21 filed as required by the State [Records] Rules Act. Upon
22 ~~[such]~~ the filing, the requirements set forth in the manual
23 shall constitute [regulations] rules of the [board of
24 educational finance] commission and have the force of law. The
25 ~~[board of educational finance]~~ commission shall review the

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1 manual annually. Sections of the manual may be revised or
2 amended from time to time by the [~~board of educational finance~~]
3 commission, and [~~such~~] revisions or amendments shall become
4 effective upon approval by the legislative finance committee,
5 reproduction and filing as provided in this section.

6 [~~E.~~] D. All institutions to which this [~~act~~
7 ~~applies~~] section and Section 21-1-32 NMSA 1978 apply shall
8 comply with all of the requirements in the manual, submit
9 reports to the [~~board of educational finance~~] commission on
10 higher education as requested and furnish such additional
11 information as the [~~board of educational finance~~] commission
12 deems necessary. "

13 Section 21. Section 22-8-5 NMSA 1978 (being Laws 1967,
14 Chapter 16, Section 59, as amended) is amended to read:

15 "22-8-5. RULES--PROCEDURES.--

16 A. The department, in consultation with the state
17 auditor, shall establish rules and procedures for a uniform
18 system of accounting and budgeting of funds for all public
19 schools and school districts of the state. The rules,
20 including revisions or amendments, shall become effective only
21 upon approval by the state board [~~and the legislative finance~~
22 ~~committee~~] and filing with the state records center and
23 publication. A copy shall also be filed with the department of
24 finance and administration.

25 B. All public schools and school districts shall

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1 comply with the rules and procedures prescribed and shall, upon
2 request, submit additional reports concerning finances to the
3 department. In addition, upon request, all public schools and
4 school districts shall file reports with the department
5 containing pertinent details regarding applications for federal
6 money or federal grants-in-aid or regarding federal money or
7 federal grants-in-aid received, including details of programs,
8 matching funds, personnel requirements, salary provisions and
9 program numbers, as indicated in the catalog of federal
10 domestic assistance, of the federal funds applied for and of
11 those received.

12 C. Upon request by the department of finance and
13 administration, the legislative finance committee or the
14 legislative education study committee, the department shall
15 timely furnish information and data obtained from public
16 schools and school districts pursuant to Subsection B of this
17 section. "

18 Section 22. REPEAL. --Section 6-5-4 NMSA 1978 (being Laws
19 1957, Chapter 252, Section 4, as amended) is repealed.

20 Section 23. REPEAL. --Section 6-5-9 NMSA 1978 (being Laws
21 1957, Chapter 252, Section 15, as amended) is repealed.

22 Section 24. EFFECTIVE DATE. --The effective date of the
23 provisions of Sections 1 through 22 of this act is July 1,
24 2003.

25 Section 25. EFFECTIVE DATE. --The effective date of the

. 142786. 2

1 provisions of Section 23 of this act is July 1, 2004.

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